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MINISTRY OF LAW

New Delhi, the 31st December, 1952

The following Acts of Parliament received the assent of the President on the 29th December, 1952 and are hereby published for general information:—

**THE INDUSTRIAL FINANCE CORPORATION
(AMENDMENT) ACT, 1952**

No. LXXVIII OF 1952

[29th December, 1952]

An Act further to amend the Industrial Finance Corporation Act, 1948.

BE it enacted by Parliament as follows:—

1. Short title.—This Act may be called the Industrial Finance Corporation (Amendment) Act, 1952.

2. Amendment of section 2, Act XV of 1948.—In clause (c) of section 2 of the Industrial Finance Corporation Act, 1948 (hereinafter referred to as the principal Act), after the words "or processing of goods" the words "or in shipping" shall be inserted.

3. Amendment of section 10, Act XV of 1948.—Section 10 of the principal Act shall be re-numbered as sub-section (I) of that section, and—

(a) in sub-section (I) as so re-numbered,—

(i) in clause (a) for the word 'three' the word 'four' shall be substituted;

(ii) after clause (f), the following clause shall be inserted, namely:—

“(g) One Deputy Managing Director appointed by the Corporation.”;

(b) after sub-section (1) as so re-numbered, the following sub-section shall be inserted, namely:—

“(2) The Deputy Managing Director shall have the right to attend any meeting of the Board or of the Executive Committee and take part in its discussions but shall not have the right to vote at any such meeting :

Provided that when the Managing Director is for any reason unable to attend any such meeting, the Deputy Managing Director shall have the right to vote for him at that meeting.”

4. Amendment of section 11, Act XV of 1948.—In section 11 of the principal Act,—

(i) in sub-section (1), for the words “the Central Government” the words “the authority appointing him” shall be substituted;

(ii) in the third proviso to sub-section (2), after the words “Provided further that” the word “such” shall be inserted;

(iii) in sub-section (4), after the words “the Managing Director” the words “and the Deputy Managing Director” shall be inserted.

5. Amendment of section 12, Act XV of 1948.—In section 12 of the principal Act,—

(i) for clause (a), the following clause shall be substituted, namely:—

“(a) except in the case of the Managing Director or the Deputy Managing Director, is a salaried official of the Corporation; or”

(ii) in clause (b), after the word “payment” the words “of his debts” shall be inserted.

6. Substitution of new section for section 13 in Act XV of 1948.—For section 13 of the principal Act, the following section shall be substituted, namely:—

“13. *Removal of Director from office.*—(1) The Central Government may at any time remove the Managing Director from office after giving him a reasonable opportunity of showing cause against the action proposed to be taken in regard to him.

(2) The Board may remove from office any Director who—

(a) is, or has become, subject to any of the disqualifications mentioned in section 12; or

(b) is absent without leave of the Board from more than three consecutive meetings of the Board without excuse sufficient in the opinion of the Board to exonerate the absence."

7. Insertion of new section 13A in Act XV of 1948.—After section 13 of the principal Act, the following section shall be inserted, namely:—

"13A. *Casual vacancy of Managing Director.*—If the Managing Director is by infirmity or otherwise rendered incapable of carrying out his duties or is absent on leave or otherwise in circumstances not involving the vacation of his appointment, the Central Government may, after consideration of the recommendation of the Board, appoint another person to act in his place."

8. Amendment of section 14, Act XV of 1948.—In section 14 of the principal Act, for the words "such officers" the words "a Deputy Managing Director and such other officers" shall be substituted.

9. Amendment of section 17, Act XV of 1948.—In sub-section (3) of section 17 of the principal Act,—

(i) after the words "as the case may be, shall" the words, brackets and figures "subject to the provisions of sub-section (2) of section 10" shall be inserted;

(ii) after the words "the Chairman" the words "or in his absence, any other person presiding" shall be inserted.

10. Amendment of section 19, Act XV of 1948.—To section 19 of the principal Act, the words "or in consultation with the Reserve Bank, with a scheduled bank or a State Co-operative Bank" shall be added.

11. Amendment of section 21, Act XV of 1948.—After sub-section (2) of section 21 of the principal Act, the following sub-section shall be inserted, namely:—

"(3) The Corporation may, for the purpose of carrying out its functions under this Act, borrow money from the Reserve Bank—

(a) against securities of the Central Government or of any State Government, repayable on demand or on the expiry of fixed periods not exceeding ninety days from the date on which the money is so borrowed; or

(b) against bonds and debentures issued by the Corporation under sub-section (1) or against such other security as may be required by the Reserve Bank maturing and repayable within a period not exceeding eighteen months from the date on which the money is so borrowed;

Provided that the amount borrowed by the Corporation under clause (b) shall not at any time exceed three crores of rupees in the aggregate."

12. Amendment of section 23, Act XV of 1948.—In section 23 of the principal Act,—

(i) after clause (e) of sub-section (1), the following clause shall be inserted, namely:—

“(ee) acting as agent for the Central Government or, with its approval, for the International Bank for Reconstruction and Development in the transaction of any business with an industrial concern in respect of loans or advances granted, or debentures subscribed, by either of them”;

(ii) in sub-section (2), for the words, brackets and letters “sub-clauses (a) and (c)” the words, brackets, letters and figure “clauses (a) and (c) of sub section (1)” shall be substituted.

13. Amendment of section 24, Act XV of 1948.—In section 24 of the principal Act, for the words “for an amount equivalent in the aggregate to more than ten per cent. of the paid up share capital of the Corporation but in no case exceeding fifty lakhs of rupees”, the following shall be substituted, namely:—

“for an amount exceeding one crore of rupees in the aggregate:

Provided that the aforesaid limit of one crore of rupees shall not apply to any such arrangement when any loans, advances or debentures are, on the recommendation of the Corporation, guaranteed by the Central Government as to the repayment of the principal and the payment of the interest.”

14. Amendment of section 25, Act XV of 1948.—To sub-section (2) of section 25 of the principal Act, the words “or in any instrument relating to the industrial concern” shall be added.

15. Amendment of section 26, Act XV of 1948.—In section 26 of the principal Act, after clause (b), the following clause shall be inserted, namely:—

“(c) grant any loan or advance on the security of its own shares.”

16. Substitution of new section for section 27 in Act XV of 1948.—For section 27 of the principal Act, the following section shall be substituted, namely:—

“27. *Loans in foreign currency.*—(1) Notwithstanding anything contained in the Foreign Exchange Regulation Act, 1947 (VII of 1947) or in any other enactment for the time being in force relating to foreign exchange, the Corporation may, for the purpose of granting loans or advances to industrial concerns, borrow, with the previous consent of the Central Government, foreign currency from the International Bank for Reconstruction and Development or otherwise.

(2) The Central Government may, where necessary, guarantee all loans taken by the Corporation under sub-section (1) as to the repayment of the principal and the payment of the interest and other incidental charges.

(3) All loans and advances to industrial concerns out of foreign currency borrowed under sub-section (1) shall be granted in Indian currency and shall be repayable by such concerns in the Indian currency.

(4) Any loss or profit accruing to the Corporation in connection with any borrowing of foreign currency under sub-section (1) or its repayment on account of any fluctuations in the rates of exchange shall be re-imbursed by, or paid to, the Central Government, as the case may be."

17. Amendment of section 28, Act XV of 1948.—After sub-section (3) of section 28 of the principal Act, the following sub-section shall be inserted, namely:—

"(3A) Where the management of an industrial concern is taken over by the Corporation or any property is sold or realised by it under the provisions of sub-section (1), all costs, charges and expenses properly incurred by it as incidental to such management, sale or realisation shall be recoverable from the industrial concern, and the money which is received by it from such management, sale or realisation shall, in the absence of any contract to the contrary, be held by it in trust to be applied, firstly, in payment of such costs, charges and expenses and, secondly, in discharge of the debt due to the Corporation, and the residue of the money so received shall be paid to the person entitled thereto "

18. Amendment of section 29, Act XV of 1948.—In section 29 of the principal Act,—

(i) for the words beginning with the words "Notwithstanding any agreement to the contrary" and ending with the words "its liabilities to the Corporation", the following shall be substituted, namely:—

"Notwithstanding anything in any agreement to the contrary, the Corporation may, by notice in writing, require any industrial concern to which it has granted any loan or advance to discharge forthwith in full its liabilities to the Corporation,—";

(ii) in clause (d), for the words beginning with the words "or depreciates in value" and ending with the words "is not given" the following shall be substituted, namely.—

"or depreciates in value to such an extent that, in the opinion of the Board, further security to the satisfaction of the Board should be given and such security is not given;"

(iii) in clause (e), for the words "machinery or other equipment" the words "any machinery, plant or other equipment" shall be substituted;

(in) in clause (f), the words "in the opinion of the Board" shall be omitted.

19. Amendment of section 30, Act XV of 1948.—In section 30 of the principal Act,—

(i) in sub-section (1), for the words beginning with the words "Where by reason of the breach" and ending with the words "to

repay such loan or advance", the following shall be substituted, namely:—

"Where an industrial concern, in breach of any agreement, makes any default in repayment of any loan or advance or any instalment thereof or otherwise fails to comply with the terms of its agreement with the Corporation or where the Corporation requires an industrial concern to make immediate repayment of any loan or advance under section 29 and the industrial concern fails to make such repayment, then, without prejudice to the provisions of section 69 of the Transfer of Property Act, 1882 (IV of 1882),";

(u) for sub-section (13), the following sub-section shall be substituted, namely:—

"(13) The functions of a District Judge under this section shall, in a presidency town, be exercised by the High Court."

20. Insertion of new sections 30A to 30E in Act XV of 1948.—After section 30 of the principal Act, the following sections shall be inserted, namely:—

"30A. Power of Corporation to appoint directors of an industrial concern when management is taken over.—(1) When the management of an industrial concern is taken over by the Corporation, the Corporation may, by order notified in the Official Gazette, appoint as many persons as it thinks fit to be the directors of that industrial concern.

(2) The power to appoint directors under this section includes the power to appoint any individual, firm or company to be the managing agents of the industrial concern on such terms and conditions as the Corporation may think fit.

30-B. Effect of notified order appointing directors.—On the issue of a notified order under section 30A,—

(a) all persons holding office as directors of the industrial concern immediately before the issue of the notified order shall be deemed to have vacated their offices as such;

(b) any contract of management between the industrial concern and any managing agent or any director thereof holding office as such immediately before the issue of the notified order shall be deemed to have terminated;

(c) the managing agent, if any, appointed under section 30A shall be deemed to have been duly appointed in pursuance of the Indian Companies Act, 1913 (VII of 1913) and the memorandum and articles of association of the industrial concern and the provisions of the said Act and of the memorandum and articles shall, subject to the other provisions contained in this Act, apply accordingly, but no such managing agent shall be removed from office except with the previous consent of the Corporation;

(d) the directors appointed under section 30A shall take such steps as may be necessary to take into their custody or under their control all the property, effects and actionable claims to which the industrial concern is, or appears to be, entitled, and all the property and effects of the industrial concern shall be deemed to be in the custody of the directors as from the date of the notified order;

(e) the directors appointed under section 30A shall be, for all purposes, the directors of the industrial concern duly constituted under the Indian Companies Act, 1918 (VII of 1913) and shall alone be entitled to exercise all the powers of the directors of the industrial concern, whether such powers are derived from the said Act or from the memorandum or articles of association of the industrial concern or from any other source.

30C. *Powers and duties of directors.*—(1) Subject to the control of the Corporation, the directors appointed under section 30A shall take such steps as may be necessary for the purpose of efficiently managing the business of the industrial concern and shall exercise such powers and have such duties as may be prescribed.

(2) Without prejudice to the generality of the powers vested in them under sub-section (1), the directors appointed under section 30A may, with the previous approval of the Corporation, make an application to a Court for the purpose of cancelling or varying any contract or agreement entered into, at any time before the issue of the notified order under section 30A, between the industrial concern and any other person and the Court may, if satisfied after due inquiry that such contract or agreement had been entered into in bad faith and is detrimental to the interests of the industrial concern, make an order cancelling or varying (either unconditionally or subject to such conditions as it may think fit to impose) that contract or agreement and the contract or agreement shall have effect accordingly.

30D. *No right to compensation for termination of contract of managing agents.*—(1) Notwithstanding anything contained in any law for the time being in force, no managing agent, managing director or any other director of an industrial concern shall be entitled to any compensation for the loss of office or for the premature termination under this Act of any contract of management entered into by him with such concern.

(2) Nothing contained in sub-section (1) shall affect the right of any such managing agent or managing director or any other director to recover from the industrial concern moneys recoverable otherwise than by way of such compensation.

30E. *Application of Act VII of 1913.*—(1) Where the management of an industrial concern, being a company as defined in the Indian Companies Act, 1918 (VII of 1913), is taken over by the Corporation, then, notwithstanding anything contained in the said Act or in the memorandum or articles of association of such concern,—

(a) it shall not be lawful for the shareholders of such concern or any other person to nominate or appoint any person to be a director of the concern;

(b) no resolution passed at any meeting of the shareholders of such concern shall be given effect to unless approved by the Corporation;

(c) no proceeding for the winding up of such concern or for the appointment of a receiver in respect thereof shall lie in any court, except with the consent of the Corporation.

(2) Subject to the provisions contained in sub-section (1) and to the other provisions contained in this Act and subject to such other exceptions, restrictions and limitations, if any, as the Central Government may, by notification in the Official Gazette, specify in this behalf, the Indian Companies Act, 1913 (VII of 1913) shall continue to apply to such concern in the same manner as it applied thereto before the issue of the notified order under section 30A."

21. Amendment of section 32, Act XV of 1948.—In the first proviso to sub-section (2) of section 32 of the principal Act, after the words, brackets and figures "given in pursuance of sub-section (2) of section 21" the words, brackets and figures "or sub-section (2) of section 27" shall be inserted.

22. Insertion of new section 32A in Act XV of 1948.—After section 32 of the principal Act, the following section shall be inserted, namely:—

"32A. *Special reserve fund.*—(1) All dividends accruing on the shares of the Corporation held by the Central Government and the Reserve Bank shall, instead of being paid to them, be credited to a special reserve fund until the aggregate of the sums so credited exceeds fifty lakhs of rupees.

(2) No shareholder of the Corporation other than the Central Government or the Reserve Bank shall have any claim to the special reserve fund referred to in sub-section (1)."

23. Amendment of section 33, Act XV of 1948.—In sub-section (1) of section 33 of the principal Act, for the word "two" the word "three" shall be substituted.

24. Amendment of section 34, Act XV of 1948.—In section 34 of the principal Act,—

(i) for sub-section (1), the following sub-section shall be substituted, namely:—

"(1) The affairs of the Corporation shall be audited by not less than two auditors duly qualified to act as auditors of companies under sub-section (1) of section 144 of the Indian Companies Act, 1913 (VII of 1913), one of whom shall be appointed by the Central Government in consultation with the Comptroller and Auditor-General of India and the other elected in the prescribed manner by the parties mentioned in sub-section (3)

of section 4, and such remuneration as the Central Government may fix shall be paid to the auditors by the Corporation.”;

(ii) in sub-section (4), after the words “The Central Government may” the words “in consultation with the Comptroller and Auditor-General of India” shall be inserted;

(iii) after sub-section (4), the following sub-sections shall be inserted, namely:—

“(5) The Corporation shall send a copy of every report of the auditors to the Comptroller and Auditor-General of India at least one month before it is placed before the shareholders.

(6) Notwithstanding anything contained in the preceding sub-sections, the Comptroller and Auditor-General of India may, either of his own motion or on a request received in this behalf from the Central Government, undertake such audit and at such times as he may consider necessary:

Provided that where the Central Government is required to make any payment on account of the guarantee given by it under section 5 or sub-section (2) of section 21 or sub-section (2) of section 27, as the case may be, such audit shall be undertaken by the Comptroller and Auditor-General of India.

(7) Every audit report shall be forwarded to the Central Government and the Government shall cause the same to be laid before both Houses of Parliament.”

25. Amendment of section 35, Act XV of 1948.—In section 35 of the principal Act,—

(i) in sub-section (2), for the words “a classification” the words “a statement showing the classification” shall be substituted;

(ii) in sub-section (3), for the word “two” the word “three” shall be substituted.

26. Amendment of section 38, Act XV of 1948—In sub-section (2) of section 38 of the principal Act, for the words “or servant” the words “or other employee” shall be substituted.

27. Amendment of section 39, Act XV of 1948—In section 39 of the principal Act, for the words “or servant” the words “or other employee” shall be substituted.

28. Amendment of section 40, Act XV of 1948.—In the first proviso to section 40 of the principal Act,—

(i) after the words, brackets and figures “in pursuance of sub-section (2) of section 21” the words, brackets and figures “or sub-section (2) of section 27” shall be inserted;

(ii) after the words "debentures or bonds" the words, brackets and figures "or on foreign currency borrowed under sub-section (1) of section 27" shall be inserted.

29. Insertion of new section 41A in Act XV of 1948.—After section 41 of the principal Act, the following section shall be inserted, namely:—

"41A. *Effect of Act on other laws.*—The provisions of this Act and of any rules or orders made thereunder shall have effect notwithstanding anything inconsistent therewith contained in any other law for the time being in force or in the memorandum or articles of association of an industrial concern or in any other instrument having effect by virtue of any law other than this Act, but save as aforesaid the provisions of this Act shall be in addition to, and not in derogation of, any other law for the time being applicable to an industrial concern."

30. Amendment of section 43, Act XV of 1948.—In section 43 of the principal Act,—

(a) in sub-section (1), after the words "with this Act" the words "and the rules made thereunder" shall be inserted;

(b) in sub-section (2),—

(i) in clause (h), for the words "officers and servants and agents" the words "officers, other employees, advisers and agents" shall be substituted;

(ii) for clause (m), the following clause shall be substituted, namely:—

"(m) the taking over of the management of any industrial concern on a breach of its agreement with the Corporation and the powers and duties of directors under section 80C;"

(iii) in clause (n), for the words "*ad hoc*" the word "advisory" shall be substituted and the word "and" at the end shall be omitted;

(iv) after clause (n), the following clause shall be inserted, namely:—

"(nn) the election of an auditor under sub-section (1) of section 84"

31. Amendment of the Schedule, Act XV of 1948.—In the Schedule to the principal Act, the word "Signature", where it occurs for the second time, and the word "Designation" shall be omitted.

THE IRON AND STEEL COMPANIES AMALGAMATION
ACT, 1952

No. LXXIX OF 1952

[29th December, 1952]

An Act to make special provision, in the interests of the general public and the Union, for the amalgamation of certain companies closely connected with each other in the manufacture and production of iron and steel, and for matters connected therewith or incidental thereto.

WHEREAS for the purpose of securing, in the interests of the general public and the Union, the efficient and economical expansion and working of the iron and steel industry in India, it is essential that the Steel Corporation of Bengal, Limited, and the Indian Iron and Steel Company, Limited, which are engaged in the manufacture and production of iron and steel, should be amalgamated;

AND WHEREAS to give effect to the scheme of the Central Government for the expansion of the iron and steel industry and to make available further resources for such expansion, it is necessary that the said companies should be amalgamated with as little delay as possible;

AND WHEREAS the amalgamation of the said companies is also in pursuance of successive recommendations made by the Tariff Board and the Tariff Commission;

Be it enacted by Parliament as follows:—

1. Short title and commencement.—(1) This Act may be called the Iron and Steel Companies Amalgamation Act, 1952.

(2) It shall be deemed to have come into force on the 29th day of October, 1952.

2. Definitions.—In this Act, unless the context otherwise requires,—

(a) “appointed day” means the 1st day of January, 1953;

(b) “the dissolved company” means the Steel Corporation of Bengal, Limited, formed and registered under the Indian Companies Act, 1913 (VII of 1913);

(c) “the Iron and Steel Company” means the Indian Iron and Steel Company, Limited, formed and registered under the Indian Companies Act, 1913 (VII of 1913);

(d) “prescribed” means prescribed by rules made under this Act.

3. Amalgamation of certain companies engaged in the iron and steel industry.—(1) As from the appointed day, the undertaking of

the Steel Corporation of Bengal, Limited, shall be transferred to and shall vest in the Iron and Steel Company.

(2) The undertaking of the dissolved company shall be deemed to include all rights, powers, authorities and privileges and all property, movable or immovable, including cash balances, reserves, revenue balances, investments and all other interests and rights in or arising out of such property as may belong to, or be in the possession of, the dissolved company immediately before the appointed day, and all books, accounts and documents relating thereto, and shall also be deemed to include all debts, liabilities and obligations of whatever kind then existing of the dissolved company.

4. Special provision for the transfer of certain items of property.—For the purposes of this Act, all the profits of the dissolved company for the year 1952 and the revenue reserves of the dissolved company, when transferred to the Iron and Steel Company under the provisions of this Act, shall be deemed to be respectively the profits of the Iron and Steel Company for the said year and revenue reserves of the said company:

Provided that nothing in this section shall entitle a director of a managing agent of the Iron and Steel Company to any commission or other remuneration in respect of any profits so transferred.

5. Saving of contracts, etc., to which the dissolved company is a party.—Subject to the other provisions contained in this Act, all contracts, deeds, bonds, agreements and other instruments of whatever nature to which the dissolved company is a party, subsisting or having effect immediately before the appointed day, shall be of as full force and effect against or in favour of the Iron and Steel Company, as the case may be, and may be enforced as fully and effectually as if, instead of the dissolved company, the Iron and Steel Company had been a party thereto.

6. Saving of legal proceedings to which the dissolved company is a party.—If, on the appointed day, any suit, appeal or other legal proceeding of whatever nature by or against the dissolved company is pending, the same shall not abate, be discontinued or be in any way prejudicially affected by reason of the transfer to the Iron and Steel Company of the undertaking of the dissolved company or of anything contained in this Act, but the suit, appeal or other proceeding may be continued, prosecuted and enforced by or against the Iron and Steel Company, in the same manner and to the same extent as it would or may be continued, prosecuted and enforced by or against the dissolved company if this Act had not been passed.

7. Terms of transfer as respects shareholders in the dissolved company.—(1) As soon as may be after the appointed day, the Iron and Steel Company shall, subject to the rules, if any, made in this behalf, allot to every person registered as a shareholder in the dissolved company immediately before the appointed day,—

(a) if he is the holder of preference shares, as many preference shares in the Iron and Steel Company as are equivalent in number and value to the preference shares held by him in the dissolved company immediately before the appointed day, and

(b) if he is the holder of ordinary shares, four ordinary shares for rupees ten each in the Iron and Steel Company for every five ordinary shares for rupees ten each held by him in the dissolved company immediately before the appointed day, being the relative values of the two shares as determined by the Tariff Commission established under the Tariff Commission Act, 1951 (L of 1951).

(2) Notwithstanding anything contained in any other law for the time being in force, any report made by the Tariff Commission before the commencement of this Act respecting the value of ordinary shares in the Iron and Steel Company in relation to the value of ordinary shares in the dissolved company shall be deemed to have been validly made and shall not be called in question in any court.

(3) Every shareholder in the dissolved company to whom a preference share has been allotted under this section shall be entitled—

(i) to receive a fixed cumulative preferential dividend at the rate of five *per cent. per annum* as from the 1st day of January, 1953, on the capital for the time being paid up or credited as having been fully paid up thereon without deduction of Indian income-tax paid by the company;

(ii) subject to the provisions of clause (i), to rank for dividend equally with the holders of preference shares in the Iron and Steel Company immediately before the appointed day, and in priority to all other shareholders in that company;

(iii) to be repaid, in the winding up of the Iron and Steel Company, the amounts paid up or credited as having been fully paid up thereon, together with any arrears of dividends (whether earned or not), calculated to the date of repayment of capital, equally with the holders of preference shares in the Iron and Steel Company immediately before the appointed day, and in priority to all other shareholders in that company;

(iv) to exercise the same voting rights at general meetings of the Iron and Steel Company as are conferred on the holders of preference shares in that company immediately before the appointed day.

(4) The Iron and Steel Company shall cause a notice to be published in the Gazette of India and shall also send by post to every person whose name was entered immediately before the appointed day in the register of shareholders in the dissolved company, a notice giving particulars of the terms hereinbefore set out as to the allotment of new shares and the disposal in the prescribed manner of fractional shares and an allotment letter for the new shares which shall also contain a statement of the fractional shares (if any) to which a shareholder would be entitled if fractional shares are to be allotted.

(5) Every shareholder in the dissolved company whose name appears in the register of the dissolved company immediately before the appointed day shall be entitled, on presentation within the prescribed period of the allotment letter and the share certificate in respect of the shares held by him in the dissolved company, to receive in due course share certificates of the Iron and Steel Company

in accordance with the provisions of this Act and the rules made thereunder.

(6) Any rights specified in sub-section (5) shall, during the period beginning with the appointed day and ending with the day on which the Iron and Steel Company issues fresh share certificates to the shareholders of the dissolved company, be transferable in like manner as the shares in the Iron and Steel Company themselves are transferable, and the transferees of such rights shall be entitled, upon submission of the letter of allotment, the relative share certificate in the dissolved company and the document of transfer to share certificates in the same manner and to the same extent as the transferors would have been entitled.

8. Priority as between secured creditors of the dissolved company and secured creditors of the Iron and Steel Company.—Creditors of the dissolved company whose debts are secured by a mortgage, charge or lien on the property of the dissolved company or any part thereof shall, with reference to similar secured creditors of the Iron and Steel Company, have such priority in the repayment of the debts as may be determined by agreement between the Iron and Steel Company and the secured creditors of the dissolved company:

Provided that in the absence of any such agreement the matter shall be referred by the Iron and Steel Company to the determination of such person as may be appointed by the Central Government in this behalf, and the decision of such person shall be final and binding on the Iron and Steel Company and the secured creditors concerned.

9. Provisions with respect to taxation.—(1) The Iron and Steel Company shall be taxable in respect of the profits and gains of the business carried on by the dissolved company before the appointed day to the same extent as the dissolved company would have been taxable if this Act had not been passed, and the Iron and Steel Company shall, in its assessment, be entitled to claim all such allowances under sub-section (2) of section 10 of the Indian Income-tax Act, 1922 (XI of 1922) as the dissolved company could have claimed in its assessment if this Act had not been passed.

(2) For the purposes of any law relating to taxation on income, the original cost to the Iron and Steel Company of the buildings, machinery, plant or furniture of the dissolved company transferred to it by virtue of this Act shall be deemed to be the written down value thereof, as reduced by the initial depreciation permitted by sub-section (2) of section 10 of the Indian Income-Tax Act, 1922 (XI of 1922), which has been or could have been computed by the dissolved company on the appointed day if this Act had not been passed.

10. Payment of *interim* dividends to shareholders in the dissolved company.—If the profits of the dissolved company warrant such a course, the directors of the dissolved company may, at any time before the appointed day, declare the following dividends as being payable—

(a) to the holders of preference shares immediately before the appointed day, a dividend at the rate of five *per cent. per annum* on the amount paid up without deduction of Indian

income-tax payable by the dissolved company for the period commencing on the 1st day of June, 1952, and ending with the 31st day of December, 1952;

(b) to the holders of ordinary shares whose names appear on the register of the company on the date of such payment, an *interim* dividend not exceeding two and half *per cent.* on the amount paid up or credited as having been fully paid up thereon without deduction of Indian income-tax payable by the dissolved company for the period commencing on the 1st day of January, 1952, and ending with the 31st day of December, 1952.

11. Provisions respecting existing officers and other employees of the dissolved company.—Every officer or other employee (including within that expression auditors but excluding therefrom directors, managing agents and London Committee Members) employed immediately before the appointed day in the dissolved company shall, as from the appointed day, become an officer or other employee, as the case may be, of the Iron and Steel Company and shall hold his office or service therein by the same tenure and upon the same terms and conditions and with the same rights and privileges as to pension or gratuity as he would have held the same under the dissolved company if this Act had not been passed, and shall continue to do so unless and until he is duly removed from his employment in the Iron and Steel Company or until his terms and conditions of employment are duly altered by that Company.

12. Position of directors of the dissolved company.—Every director of the dissolved company holding office as such immediately before the appointed day shall become, as from the appointed day, a director of the Iron and Steel Company, in addition to the other directors of the Iron and Steel Company holding office as such before the appointed day, and shall, subject to the provisions of the articles of association of the Iron and Steel Company, hold his office and act in all respects as if he had been duly appointed under the said articles.

13. Dissolution of the Steel Corporation of Bengal, Limited.—As from the appointed day—

(a) the Steel Corporation of Bengal, Limited, shall be dissolved and thereafter no person shall make, assert or take any claims, demands or proceedings against the dissolved company or against a director or officer thereof in his capacity as such director or officer, except in so far as may be necessary, for enforcing the provisions of this Act;

(b) the right of every shareholder to or in respect of any share in the dissolved company shall be extinguished, and thereafter no such shareholder shall make, assert or take any claims or demands or proceedings in respect of any such share except as provided in this Act.

14. Power to make rules for facilitating amalgamation.—The Central Government may, by rules published in the Official Gazette, make such incidental, consequential or supplementary provisions as in its opinion are necessary for fully and effectually carrying out

the purposes of this Act, and without prejudice to the generality of such power, provision may be made in such rules—

(a) for the allotting or appropriation by the Iron and Steel Company of any shares, debentures, policies or other like interests in that company which are to be allotted or appropriated under this Act by that company to or from any person;

(b) for the disposal of shares in the dissolved company which do not represent one fully paid up share in the Iron and Steel Company under clause (b) of sub-section (1) of section 7, whether by the surrender to the Iron and Steel Company of the fractional certificates relating thereto with other fractional certificates so as to represent in all one fully paid up share, or, at the option of the shareholder, by the surrender of the fractional certificates to the Iron and Steel Company for sale by the company on his account;

(c) for fixing the period within which any action required to be taken under this Act may be taken;

(d) for the alteration, notwithstanding anything to the contrary contained in the Indian Companies Act, 1913 (VII of 1913), of the memorandum or articles of association of the Iron and Steel Company for the purpose of increasing the capital of the company or the borrowing powers of the directors thereof or for the purpose of securing the representation of the Central Government on the Board of Directors of the company or for any other purpose;

(e) for requiring any person concerned with the keeping of the register of the holders of any shares, securities or investments now transferred to and vesting in the Iron and Steel Company to forthwith register the name of the Iron and Steel Company therein, and to issue to the Iron and Steel Company the appropriate documents of title relating to the shares, securities or investments transferred to and vesting in it.

15. Repeal of Ordinance VIII of 1952.—The Iron and Steel Companies Amalgamation Ordinance, 1952 (VIII of 1952), is hereby repealed.

THE APPROPRIATION (No. 3) ACT, 19 2

No. LXXX of 1952

[29th December, 1952]

An Act to authorise payment and appropriation of certain further sums from and out of the Consolidated Fund of India for the service of the financial year 1952-53.

Be it enacted by Parliament as follows:—

1. Short title.—This Act may be called the Appropriation (No. 3) Act, 1952.

2. Issue of Rs. 10,36,10,000 out of the Consolidated Fund of India for the year 1952-53.—From and out of the Consolidated Fund of India there

may be paid and applied sums not exceeding those specified in column 3 of the Schedule amounting in the aggregate to the sum of ten crores, thirty-six lakhs and ten thousand rupees towards defraying the several charges which will come in course of payment during the financial year 1952-53 in respect of the services specified in column 2 of the Schedule.

3. Appropriation.—The sums authorised to be paid and applied from and out of the Consolidated Fund of India by this Act shall be appropriated for the services and purposes expressed in the Schedule in relation to the said year.

THE SCHEDULE

(See sections 2 and 3)

1 No. of Vote	2 Services and purposes	3 Sums not exceeding		
		Voted by Parliament	Charged on the Consolidated Fund	Total
		Rs.	Rs.	Rs.
5	Ministry of Communications	83,000	..	83,000
23	External Affairs	23,16,000	..	23,16,000
23-A	Chandernagore	21,86,000	..	21,86,000
30	Stamp	15,50,000	..	15,50,000
32	Audit	4,72,000	..	4,72,000
40	Preparation Payments	98,30,000	..	98,30,000
48	Civil Veterinary Services	1,13,000	..	1,13,000
49	Miscellaneous Expenditure under the Ministry of Food and Agriculture.	4,53,35,000	..	4,53,35,000
58	Census	5,00,000	..	5,00,000
70	Ministry of Natural Resources and Scientific Research.	1,54,000	..	1,54,000
78	Ministry of Rehabilitation	65,000	..	65,000
79	Expenditure on Displaced Persons	1,22,70,000	..	1,22,70,000

1	2	3		
No. of Vote	Services and purposes	Sums not exceeding		
		Voted by Parliament	Charged on the Consolidated Fund	Total
		Rs.	Rs.	Rs.
83	Kutch	12,29,000	..	12,29,000
84	Bilaspur	5,48,000	..	5,48,000
85	Manipur	4,81,000	..	4,81,000
86	Tripura	10,44,000	..	10,44,000
87	Relation with States	4,63,000	..	4,63,000
88	Miscellaneous Expenditure under the Ministry of States.	11,62,000	..	11,62,000
95	Ministry of Works, Production and Supply.	1,95,000	..	1,95,000
100	Stationery and Printing	47,00,000	..	47,00,000
101	Miscellaneous Departments and Ex- penditure under the Ministry of Works, Production and Supply.	50,00,000	..	50,00,000
	<i>Charged—Staff, Household and Allow- ances of the President.</i>	..	20,000	20,000
118	Other Capital Outlay of the Ministry of Food and Agriculture.	1,36,93,000	..	1,36,93,000
132	Other Capital Outlay of the Ministry of Works, Production and Supply.	1,000	..	1,000
	TOTAL .	10,35,00,000	20,000	10,36,10,000

K. V. K. SUNDARAM,
Secretary to the Govt. of India.